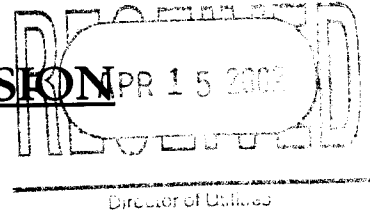


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

5

W-02111A  
SABROSA WATER COMPANY  
A SUBSIDIARY OF CITIZENS COMMUNICATIONS CO.  
1450 POYDRAS STREET, 19<sup>TH</sup> FLOOR  
NEW ORLEANS, LA 70112-1270

**ANNUAL REPORT**

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

4-17-02 *one*

SCANNED

## COMPANY INFORMATION

Sabrosa Water Company, a Subsidiary of Citizens Communications		
<b>Company Name (Business Name)</b> <u>Company</u>		
Mailing Address <u>1450 Poydras Street, 19<sup>th</sup> Floor</u>		
<u>New Orleans</u> (City)	<u>LA</u> (State)	<u>70112-1270</u> (Zip)
<u>504-299-4553</u>	<u>504-544-5818</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>jecuyer@czn.com</u>		
Local Office Mailing Address <u>15626 N. Del Webb Blvd</u>		
<u>Sun City</u> (City)	<u>AZ</u> (State)	<u>85351-1602</u> (Zip)
<u>623-815-3124</u>	<u>623-933-0032</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>Rjones@amwater.com</u>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Jayson T. Ecuyer</u>		<u>Director of Finance</u>	
(Name)		(Title)	
<u>1450 Poydras Street, 19<sup>th</sup> Floor</u>	<u>New Orleans</u>	<u>LA</u>	<u>70112-1270</u>
(Street)	(City)	(State)	(Zip)
<u>504-299-4553</u>	<u>504-544-5818</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>jecuyer@czn.com</u>			
<b>On Site Manager:</b> <u>Ray Jones</u>			
(Name)			
<u>15626 N. Del Webb Blvd</u>	<u>Sun City</u>	<u>AZ</u>	<u>85351-1602</u>
(Street)	(City)	(State)	(Zip)
<u>623-815-3124</u>	<u>623-933-0032</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>Rjones@amwater.com</u>			

**Statutory Agent:** United States Corporation Commission

(Name)

1200 W. Washington Street

(Street)

Phoenix

(City)

AZ

(State)

85007-2996

(Zip)

602-249-2550

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** L. Russell Mitten

(Name)

3 High Ridge Park

(Street)

Stamford

(City)

CT

(State)

06905-1390

(Zip)

203-614-5047

Telephone No. (Include Area Code)

206-614-4651

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) Sabrosa is not owned by, nor a subsidiary of, Citizens Communications Co.

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☒ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	10,159	41	10,118
307	Wells and Springs			
311	Pumping Equipment	9,969	88	9,881
320	Water Treatment Equipment	1,818	15	1,803
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	21,946	144	21,802

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	10,159	1.94	41
307	Wells and Springs			
311	Pumping Equipment	9,969	4.24	88
320	Water Treatment Equipment	1,818	4.00	15
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	21,946		144 *

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

\* Actual Depreciation Expense displayed may not equal original cost times the depreciation ratios due to timing differences for additions, retirements and adjustments affecting Plant in Service.

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		3,604
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ N/A	\$3,604
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$	\$21,946
103	Property Held for Future Use		
105	Construction Work in Progress		1,104
108	Accumulated Depreciation – Utility Plant		(144)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ N/A	\$22,906
	<b>TOTAL ASSETS</b>	<b>\$ N/A</b>	<b>\$26,510</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$2,144
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		421
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		151,063
	<b>TOTAL CURRENT LIABILITIES</b>	\$ N/A	\$153,628
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		4,500
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ N/A	\$4,500
	<b>TOTAL LIABILITIES</b>	\$ N/A	\$158,128
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		(131,618)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ N/A	\$(131,618)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ N/A	\$26,510

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$	\$39,648
460	Unmetered Water Revenue		
474	Other Water Revenues		116
	<b>TOTAL REVENUES</b>	\$ N/A	\$39,764
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$27,042
610	Purchased Water		100
615	Purchased Power		3,096
618	Chemicals		347
620	Repairs and Maintenance		133,577
621	Office Supplies and Expense		20
630	Outside Services		1,380
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		16
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		2,413
403	Depreciation Expense		144
408	Taxes Other Than Income		3,247
408.11	Property Taxes		
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ N/A	\$171,382
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/EXP</b>	\$ N/A	\$0
	<b>NET INCOME/(LOSS)</b>	<b>\$ N/A</b>	<b>\$(131,618)</b>



COMPANY NAME—SABROSA WATER COMPANY

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principle				

**Not Applicable**

Meter Deposit Balance at Test Year End

\$ None

Meter Deposits Refunded During the Test Year

\$ None

COMPANY NAME—SABROSA WATER COMPANY

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-635812	1	8	12	1
55-527010	1.5	15	5	2
55-527012	5	37	5	2

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Craftmark Water Hauling	N/A	12

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 9,813

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
1.5	2		3

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
22,500 gallons	1	10,000 gallons	2

## STATISTICAL INFORMATION

Total number of customers 69

Total number of gallons sold 612 (thous) gallons

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(A)</u>
Estimated or Actual Federal Tax Liability	<u>(A)</u>

State Taxable Income Reported	<u>(B)</u>
Estimated or Actual State Tax Liability	<u>(B)</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>4,500</u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u>4,500</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

3/10/02  
DATE

Kenneth Cohen  
PRINTED NAME

President & COO  
TITLE

(A) Income taxes at the property level are estimated using statutory Federal and State rates. However, income taxes are paid at the corporate level using consolidated taxable income amounts.

(B) Information not available.

COMPANY NAME SABROSA WATER COMPANY YEAR ENDING 12/31/2001

**WATER AND SEWER  
UTILITIES ONLY**

**PROPERTY TAXES**

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ N/A

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

Sabrosa Water Company is not owned by, nor a subsidiary of, Citizens Communications Company.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only****RECEIVED**  
APR 15 2002**VERIFICATION**STATE OF Louisiana

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Orleans
NAME (OWNER OR OFFICIAL) TITLE
Kenneth Cohen, President & COO
COMPANY NAME
Sabrosa Water Company

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION****FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

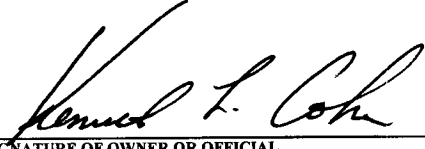
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 41,512

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 1,748  
IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL  
(504) 299-4509  
TELEPHONE NUMBER

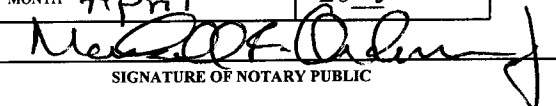
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 12<sup>th</sup> DAY OF

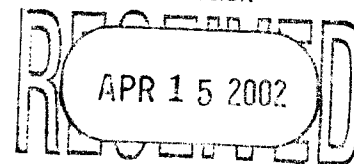
(SEAL)

MY COMMISSION EXPIRES AT DEATH

COUNTY NAME	Orleans, Louisiana	
MONTH	April	2002
 SIGNATURE OF NOTARY PUBLIC		

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

(COUNTY NAME)	Orleans	
NAME (OWNER OR OFFICIAL)	Kenneth Cohen	TITLE President & COO
COMPANY NAME	Sabrosa Water Company	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 40,442

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 1,703  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X

SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

12<sup>th</sup>

**DAY OF**

(SEAL)

**MY COMMISSION EXPIRES AT DEATH**

NOTARY PUBLIC NAME MARSHALL F. ORDEMAN, JR.	
COUNTY NAME ORLEANS, LOUISIANA	
MONTH April 12	2002

X

SIGNATURE OF NOTARY PUBLIC

## **Attachment A - Sabrosa**

### **Balance Sheet Notes**

Customer Accounts Receivable (Acct. No. 141) also includes Accumulated Provision for Uncollectible Accounts.

Notes/Receivables from Associated Companies (Acct. No. 146) also includes Accounts Receivable from Associated Companies.

Miscellaneous Current and Accrued Assets (Acct. No. 174) includes Regulatory Assets, Preliminary Survey and Investigation, and Deferred Debits.

Common Stock Issued (Acct. No. 201) consists of Stock Issued and Adjustments for Retained Earnings.

Accumulated Deferred Income Taxes (Acct. No. 281) also includes Accumulated Deferred Income Taxes-Other Property.



## Attachment A - Sabrosa

### Income Statement Notes

Metered Water Revenue (Acct. No. 461) consists of residential, commercial, and multi-family revenue.

Salaries and Wages (Acct. No. 601) includes operational, engineering, administrative, maintenance, and other general salaries and wages. It also includes labor associated with meter readings, production and pumping, and customer records and collection.

Chemicals (Acct. No. 618) includes both chemicals and chemical filtering materials.

Repairs and Maintenance (Acct. No. 620) includes maintenance expenses incurred on structures and improvements, production and pumping equipment, mains, meters, hydrants, underground lines, and other general maintenance and repairs.

Rents (Acct. No. 641) includes general rent expense and administrative rent expenses.

Insurance-General Liability (Acct. No. 657) includes insurance for injuries and damages as well as property insurance.

Miscellaneous Expenses (Acct. No. 675) includes uncollectible accounts expense, transmission, sales promotion, customer accounts, employee pension, hydraulic power and other general expenses.

Income taxes at the property level are estimated using statutory Federal and State rates. However, income taxes are paid at the corporate level using consolidated taxable income amounts.

Non-Utility Income (Acct. No. 421) includes an allowance for borrowed funds used during construction, miscellaneous amortization, and other non-utility income.

General Intrastate Operating Revenues on page 14 do not tie to the Income Statement in the report due to Citizens stating sales taxes as a liability. The amount on page 14 includes sales taxes.

Gross Revenues	39,764
Sales Taxes	1,748
Revenues w. taxes	<u>41,512</u>

Citizens Communications – Public Services Division  
1450 Poydras Street, 19<sup>th</sup> Floor  
New Orleans, LA 70112  
504-299-4553



April 11, 2002

ARIZONA CORPORATION COMMISSION  
COMPLIANCE SECTION - UTILITIES DIVISION  
1200 WEST WASHINGTON STREET – SUITE 206  
PHOENIX, ARIZONA 85077

RE: 2001 UTILITY ANNUAL REPORT  
CITIZENS COMMUNICATIONS COMPANY  
SABROSA WATER COMPANY

Dear Sir:

Enclosed please find the original Utility Annual Report for Sabrosa Water Company, a subsidiary of Citizens Communications Company. This Annual Report is for the fiscal year ended December 31, 2000 and 2001 respectively.

If any additional information is needed, please do not hesitate to call me.

Very Truly Yours,

Jayson Ecuyer  
Director of Finance  
Citizens Communications Company

Enclosures